

**LODI CITY COUNCIL
REGULAR CITY COUNCIL MEETING
CARNEGIE FORUM, 305 WEST PINE STREET
WEDNESDAY, JULY 21, 2010**

C-1 Call to Order / Roll Call - N/A

C-2 Announcement of Closed Session - N/A

C-3 Adjourn to Closed Session - N/A

C-4 Return to Open Session / Disclosure of Action - N/A

A. Call to Order / Roll call

The Regular / Special Joint meeting of the Lodi City Council and the Industrial Development Authority of July 21, 2010, was called to order by Mayor Katzakian at 7:00 p.m.

Present: Council Member Hansen, Council Member Johnson, Council Member Mounce, Mayor Pro Tempore Hitchcock, and Mayor Katzakian

Absent: None

Also Present: Interim City Manager Bartlam, City Attorney Schwabauer, and City Clerk Johl

B. Pledge of Allegiance

C. Presentations

C-1 National Night Out Proclamation (PD)

Mayor Katzakian presented a proclamation to Interim Police Chief Gary Benincasa in recognition of National Night Out 2010 to be held on Tuesday, August 3, 2010.

D. Consent Calendar (Reading; Comments by the Public; Council Action)

Council Member Hansen made a motion, second by Council Member Mounce, to approve the following items hereinafter set forth, **except those otherwise noted**, in accordance with the report and recommendation of the City Manager.

VOTE:

The above motion carried by the following vote:

Ayes: Council Member Hansen, Council Member Johnson, Council Member Mounce, Mayor Pro Tempore Hitchcock, and Mayor Katzakian

Noes: None

Absent: None

D-1 Receive Register of Claims in the Amount of \$11,460,624.58 (FIN)

Claims were approved in the amount of \$11,460,624.58.

D-2 Approve Minutes (CLK)

The minutes of June 16, 2010 (Regular Meeting), June 29, 2010 (Shirtsleeve Session), July 6, 2010 (Shirtsleeve Session), July 7, 2010 (Regular Meeting), and July 13, 2010 (Shirtsleeve Session) were approved as written.

- D-3 Adopt Resolution Awarding Contract for Asphalt Materials for Fiscal Year 2010/11 to George Reed, Inc., of Lodi (\$27,785) (PW)

Adopted Resolution No. 2010-118 awarding contract for asphalt materials for fiscal year 2010/11 to George Reed, Inc., of Lodi, in the amount of \$27,785.

- D-4 Adopt Resolution Approving Lease Agreement with Head Start Child Development Council, Inc., for the Lodi Look Building (PR)

Adopted Resolution No. 2010-119 approving the lease agreement with Head Start Child Development Council, Inc., for the Lodi Look Building.

- D-5 Adopt Resolution Approving Task Orders No. 21 and 22 with Treadwell and Rollo, of Oakland, for Southern, South Central/Western, and Northern PCE/TCE Plumes Workplan Preparation and Monitoring (\$446,400) and Appropriating Funds (\$500,000) (PW)

This item was pulled by Mayor Pro Tempore Hitchcock for a brief presentation.

Public Works Director Wally Sandelin gave a brief presentation regarding the status of the PCE/TCE workplan preparation and monitoring. Mr. Sandelin specifically discussed the history of the PCE/TCE contamination, plume overview, wells for extraction, treatment methods, cost estimates for clean-up in four plume areas, Regional Quality Control Board support of program for monitored natural attenuation, and the relevant task orders for consideration.

Mayor Pro Tempore Hitchcock made a motion, second by Council Member Mounce, to adopt Resolution No. 2010-120 approving Task Orders No. 21 and 22 with Treadwell and Rollo, of Oakland, for Southern, South Central/Western, and Northern PCE/TCE Plumes workplan preparation and monitoring in the amount of \$446,400 and appropriating funds in the amount of \$500,000.

VOTE:

The above motion carried by the following vote:

Ayes: Council Member Hansen, Council Member Johnson, Council Member Mounce, Mayor Pro Tempore Hitchcock, and Mayor Katzakian

Noes: None

Absent: None

- E. Comments by the Public on Non-Agenda Items
THE TIME ALLOWED PER NON-AGENDA ITEM FOR COMMENTS MADE BY THE PUBLIC IS LIMITED TO FIVE MINUTES. The City Council cannot deliberate or take any action on a non-agenda item unless there is factual evidence presented to the City Council indicating that the subject brought up by the public does fall into one of the exceptions under Government Code Section 54954.2 in that (a) there is an emergency situation, or (b) the need to take action on the item arose subsequent to the agenda's being posted. Unless the City Council is presented with this factual evidence, the City Council will refer the matter for review and placement on a future City Council agenda.

None.

- F. Comments by the City Council Members on Non-Agenda Items

Council Member Johnson asked that staff bring back to Council information regarding how the last Parks and Recreation rate increase affected the Boosters of Boys/Girls Sports organization

and its usage of the Grape Bowl facility.

G. Comments by the City Manager on Non-Agenda Items

None.

H. Public Hearings

H-1 Public Hearing to Consider Resolution Adopting Final Engineer's Annual Levy Report for Lodi Consolidated Landscape Maintenance Assessment District No. 2003-1, Fiscal Year 2010/11, and Ordering the Levy and Collection of Assessments (PW)

Notice thereof having been published according to law, an affidavit of which publication is on file in the office of the City Clerk, Mayor Katzakian called for the public hearing to consider resolution adopting Final Engineer's Annual Levy Report for Lodi Consolidated Landscape Maintenance Assessment District No. 2003-1, Fiscal Year 2010/11, and ordering the levy and collection of assessments.

Interim City Manager Bartlam briefly introduced the subject matter of the proposed resolution adopting the annual levy report for the landscape and maintenance district.

Public Works Director Wally Sandelin provided a brief report regarding the proposed resolution adopting the annual levy report for Landscape Maintenance Assessment District No. 2003-1 and ordering the levy and collection of assessments. Specific topics of discussion included the 16 zones, an annual collection of \$157,000, the low bidder for the current year and last year, and an overview of the program which maintains a variety of landscaping areas throughout the City.

Council Member Mounce made a motion, second by Council Member Johnson, to adopt Resolution No. 2010-121 adopting Final Engineer's Annual Levy Report for Lodi Consolidated Landscape Maintenance Assessment District No. 2003-1, Fiscal Year 2010/11, and ordering the levy and collection of assessments.

VOTE:

The above motion carried by the following vote:

Ayes: Council Member Hansen, Council Member Johnson, Council Member Mounce, Mayor Pro Tempore Hitchcock, and Mayor Katzakian

Noes: None

Absent: None

H-2 Public Hearing to Consider the Certification of the Final Mitigated Negative Declaration for the Surface Water Treatment Facility (CD) NOTE: This item is a quasi-judicial hearing and requires disclosure of ex parte communications as set forth in Resolution No. 2006-31

Notice thereof having been published according to law, an affidavit of which publication is on file in the office of the City Clerk, Mayor Katzakian called for the public hearing to consider the certification of the Final Mitigated Negative Declaration for the surface water treatment facility.

Interim City Manager Rad Bartlam provided a PowerPoint presentation regarding the Final Mitigated Negative Declaration for the surface water treatment facility. Specific topics of discussion included the vicinity map, aerial map, California Environmental Quality Act (CEQA) application to project, environmental review process, areas of impact, findings of Initial Study, and implementation of mitigation measures reducing the impacts to less than significant.

In response to Mayor Pro Tempore Hitchcock, Mr. Bartlam stated scenic highways is a traditional

CEQA view and the City often looks more broadly at what the public view is.

In response to Mayor Pro Tempore Hitchcock, Mr. Bartlam stated from the lakeview the berm is above the walk way grade and the building will not necessarily be visible from the Lake.

In response to Mayor Katzakian, Mr. Bartlam stated the berm will stay in place except near the driveway access point.

In response to Council Member Johnson, Mr. Bartlam stated fill is being brought in to raise the site facility above flood plain by approximately six inches to a foot.

In response to Council Member Mounce, Mr. Sandelin confirmed approximately 20 trees were removed and the replacement is four to one.

In response to Council Member Mounce, Mr. Sandelin stated there will be no noise escaping the building. Mr. Sandelin stated the pump noise is similar to existing City wells and when the motors become too loud they will be replaced.

In response to Council Member Hansen, Mr. Sandelin stated security mandates have changed since 9/11 and it would be fiscally irresponsible to run a program from the facility that would require a 24-hour security staff presence and similar features.

In response to Council Member Johnson, Mr. Sandelin stated 9 out of the 13 total acres remain at the Lake for other uses.

Council Member Johnson made a motion, second by Council Member Hansen, to adopt Resolution No. 2010-122 certifying the Final Mitigated Negative Declaration for the surface water treatment facility.

VOTE:

The above motion carried by the following vote:

Ayes: Council Member Hansen, Council Member Johnson, and Mayor Katzakian

Noes: Council Member Mounce, and Mayor Pro Tempore Hitchcock

Absent: None

H-3 Public Hearing to Consider Adopting Resolution Setting Usage-Based and Flat Water and Wastewater Rates for Residential, Commercial, and Industrial Customers and Tabulate Proposition 218 Protests (PW)

Notice thereof having been published according to law, an affidavit of which publication is on file in the office of the City Clerk, Mayor Katzakian called for the public hearing to consider adopting resolution setting usage-based and flat water and wastewater rates for residential, commercial, and industrial customers and tabulate Proposition 218 protests.

Interim City Manager Rad Bartlam provided a brief introduction to the subject matter of the water and wastewater rates.

Public Works Director Wally Sandelin provided a PowerPoint presentation regarding the water and wastewater rates. Specific topics of discussion included recommended action, water rates, recommended water flat rates, metered water rates, local rate comparison, recommended wastewater rates, wastewater metered rates, rate comparison, other agencies, and proposed wastewater flat rates.

In response to Mayor Katzakian, Mr. Sandelin stated the water usage for the current

year determines the following year estimated cost.

In response to Council Member Johnson, Mr. Sandelin stated the Council previously discussed the phased rate increase over a period of years.

In response to Council Member Johnson, Mr. Sandelin confirmed there was a difference in the model from 20% to 12% and the City did change consultants.

In response to Mayor Pro Tempore Hitchcock, Mr. Sandelin stated staff is suggesting the Council adopt the study and increases and defer implementation to review options for water. Mr. Bartlam and Mr. Sandelin confirmed staff has expended time and effort on the process to allow for threshold decisions to be made tonight and staff will return with implementation options.

In response to Mayor Pro Tempore Hitchcock, Mr. Sandelin stated staff has not explored ways for putting water and wastewater funds together.

In response to Council Member Mounce, Mr. Sandelin stated the proposed \$41.09 for water includes base, IRP, and PCE, and the comparison numbers are based on existing flat rates and not proposed metered rates.

In response to Mayor Pro Tempore Hitchcock, Mr. Sandelin stated the proposed cost for the surface water treatment plant is \$42 million.

In response to Mayor Pro Tempore Hitchcock, Mr. Bartlam stated staff will be bringing to Council the policy discussion and decision regarding billing for single-family rental homes.

Norma Gates spoke in opposition of the proposed recommended action based on the downturn in the economy and current financial hardships of the community.

In response to Council Member Johnson and Mayor Pro Tempore Hitchcock, Mr. Schwabauer confirmed that the Proposition 218 process would need to be redone if certain actions were not taken tonight.

City Clerk Johl reported that the number of protests received was less than 1% of that required and insufficient to sustain the protest.

Council Member Hansen made a motion, second by Mayor Katzakian, to adopt Resolution No. 2010-123 setting usage-based and flat water and wastewater rates for residential, commercial, and industrial customers.

VOTE:

The above motion carried by the following vote:

Ayes: Council Member Hansen, Council Member Johnson, and Mayor Katzakian

Noes: Council Member Mounce, and Mayor Pro Tempore Hitchcock

Absent: None

I. Communications

I-1 Monthly Protocol Account Report (CLK)

Council Member Mounce made a motion, second by Council Member Hansen, to approve the cumulative Monthly Protocol Account Report through June 30, 2010.

VOTE:

The above motion carried by the following vote:

Ayes: Council Member Hansen, Council Member Johnson, Council Member Mounce, Mayor Pro Tempore Hitchcock, and Mayor Katzakian

Noes: None

Absent: None

J. Regular Calendar

J-1 Approve Plans and Specifications and Authorize Advertisement for Bids for Lodi Surface Water Treatment Facility Project (PW)

Public Works Director Wally Sandelin provided a PowerPoint presentation regarding the surface water treatment plant. Specific topics of discussion included groundwater in downtown Lodi, superior water quality, Delta protection, recharge is slow, Stockton benefits, costs for recharge versus direct use, timing issues, layout of raw water pump station, project location, layout of the surface water treatment facilities, schedule, project budget, contractor pre-qualification, and proposed recommended action.

In response to Council Member Mounce, Rich Stratton stated the warranty on the membrane is ten years, although they do typically go a bit longer. He stated there are approximately 1,600 modules, the cost per module is \$2,000, and the replacement costs are calculated into operations and maintenance.

In response to Mayor Pro Tempore Hitchcock, Mr. Stratton stated the plant is operational with eight persons for the first year and can drop to four or six persons in subsequent years based on numbers from other plants with similar operations.

In response to Mayor Pro Tempore Hitchcock, Mr. Sandelin stated the projected annual operating cost for the first year is \$1.7 million and it will drop yearly after that.

In response to Council Member Hansen, Mr. Stratton suggested the plant be monitored by video surveillance by personnel 24 hours a day and a fiber optic system could be used to accomplish the same.

In response to Council Member Hansen, Mr. Sandelin stated that, based on the engineer's estimate, the cost of the membrane system would be approximately \$3.5 million and any savings would come from the construction of the plant.

In response to Council Member Johnson, Mr. Sandelin stated all ten firms had specific water treatment facilities construction experience.

Roy Bitz spoke in opposition to the construction of the proposed plant based on the economy and the lack of a current need to build.

In response to Council Member Hansen, Mr. Bartlam stated within the surrounding basin the State is looking at overdraft conditions, it is monitoring adjudicated basins now, and additional monitoring is expected for overdraft purposes.

In response to Mayor Pro Tempore Hitchcock, Mr. Bartlam stated staff will bring back bond financing options to Council at a future date.

In response to Mayor Pro Tempore Hitchcock, Mr. Sandelin stated the estimated debt payment is \$2.8 million per year over the course of the bond.

In response to Council Member Hansen, Mr. Sandelin stated if Council does not move forward with the proposed project, there will be revenue lost from the banked water and the City will be jeopardizing future water rights through the Woodbridge Irrigation District (WID).

In response to Mayor Pro Tempore Hitchcock, Mr. Schwabauer stated the City does have a 40-year contract for the purchase of water, WID is concerned that if the water is not beneficially used water rights will be lost to another party, and the State determines final water rights through administrative hearings.

In response to Council Member Mounce, Mr. Sandelin stated a capacity charge is proposed for new development and payment from new development will defer future rate increases.

Council Member Johnson made a motion, second by Council Member Hansen, to approve the plans and specifications and authorize advertisement for bids for the Lodi surface water treatment facility project.

VOTE:

The above motion carried by the following vote:

Ayes: Council Member Hansen, Council Member Johnson, and Mayor Katzakian

Noes: Council Member Mounce, and Mayor Pro Tempore Hitchcock

Absent: None

J-2 Adopt Resolutions of the Lodi City Council and Industrial Development Authority Authorizing the Execution of an Exercise of Powers Agreement and Establishing the Lodi Public Financing Authority (CA) NOTE: Joint action of the Lodi City Council and Industrial Development Authority

City Attorney Schwabauer provided a presentation regarding the purpose of the creation of the proposed financing authority, certificates of participation (COPs), Build America bonds, and enterprise bonds.

In response to Mayor Pro Tempore Hitchcock, Mr. Schwabauer and Deputy City Manager Jordan Ayers stated they are not aware of any legal limitations to the City's borrowing of COPs as the decision is primarily dependent upon credit ratings.

In response to Mayor Pro Tempore Hitchcock, Mr. Schwabauer stated COPs are probably not the most cost effective model at this time in the market and the proposed action simply leaves all options open without committing to any specific option.

In response to Mayor Katzakian, Mr. Schwabauer confirmed that all financing options would be available at the time of financing.

In response to Council Member Hansen, Mr. Schwabauer stated a combination of different financing methods could also be used to finance the project.

In response to Council Member Johnson, Mr. Ayers stated the Build America bonds could be extended although reduced for next year.

Council Member Hansen made a motion, second by Council Member Johnson, to adopt Resolution No. 2010-124 of the Lodi City Council and No. IDA-32 of the Industrial Development Authority Authorizing the execution of an Exercise of Powers Agreement and establishing the Lodi Public Financing Authority.

VOTE:

The above motion carried by the following vote:

Ayes: Council Member Hansen, Council Member Johnson, Council Member Mounce, Mayor Pro Tempore Hitchcock, and Mayor Katzakian

Noes: None

Absent: None

K. Ordinances - None

L. Adjournment

There being no further business to come before the City Council, the meeting was adjourned at 9:55 p.m.

ATTEST:

Randi Johl
City Clerk